

Message Text

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FM AMEMBASSY ACCRA

TO SECSTATE WASHDC PRIORITY 4061

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EO 11652: NA

TAGS: EFIN GH

SUBJ: INVESTMENT INSURANCE - CONVERTIBILITY - STAR-KIST INTL.

REF: STATE 128653 139995

1. GOG PRACTICES DIFFERENTIAL TREATMENT OF CONVERSIONS AND REMITTANCES IN CONNECTION WITH FOREIGN INVESTMENTS. OPIC-INSURED INVESTMENTS HAVE FARED WELL.

A. DIVIDENDS. OPIC-INSURED FIRMS, BASED ON UNION CARBIDE AND FIRESTONE EXPERIENCE THIS YEAR WITH THEIR FIRST DIVIDENDS, GO TO HEAD OF WAITING LINE. FOR THEM TIME BETWEEN INITIAL APPLICATION AND RECEIPT OF DOLLARS WAS ABOUT SIX MONTHS, COMPARED TO UP TO SEVEN YEARS FOR MARKETING FIRMS SUCH AS MOBIL AND TEXACO WHICH ARE BOTH UNINSURED AND WITHOUT STATUS UNDER GHANAIAN CAPITAL INVESTMENTS ACT OF 1963.

B. OTHER SERVICE PAYMENTS. NO OPIC-INSURED INVESTMENTS HAVE SUFFERED UNDUE DELAY IN CONVERSION AND REMITTANCE FOR ROYALTIES AND LOAN SERVICING. LAG CURRENTLY IS ABOUT 60 DAYS (30 FOR FORMAL APPROVAL AND 30 MORE ACTUALLY TO GET FOREIGN EXCHANGE). FIRESTONE HAS HAD NO ROYALTY REMITTANCES APPROVED SINCE NOVEMBER 1973 BUT THIS IS BECAUSE OF EMERGENCE OF TAX PROBLEM AND ALSO PROBLEM OF AUTHENTICATING CERTAIN FIGURES TO GOG, AND IS NOT RPT NOT IN FIRESTONE OPINION MOTIVATED BY DESIRE TO IMPEDE CONVERSIONS PER SE. ONE MAJOR MANUFACTURING FIRM

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(NOT U.S.) WITH BENEFIT OF 1963 ACT AND ALSO PRIOR BANK

OF GHANA (CENTRAL BANK) APPROVAL TO CONTRACT OVERSEAS
LOAN HAS HAD IMPROVING EXPERIENCE IN GETTING FOREIGN
EXCHANGE TO SERVICE LOAN - NINE MONTHS DELAY IN 1972,
SIX MONTHS FOR NEXT REQUEST AND ONLY TWO WEEKS DELAY THIS
YEAR, APPARENTLY REFLECTING IMPROVEMENT IN GOG FOREIGN
EXCHANGE POSITION OVER LAST THREE YEARS. UNINSURED
SALES/DISTRIBUTION FIRMS WITHOUT BENEFIT OF 1963
ACT USUALLY HAVE THEIR REQUESTS FOR ROYALTIES AND
OTHER SERVICE FEES TURNED DOWN AS "NON-REMITTABLE."
SUCH TURNDOWNS REACH BACK SEVEN YEARS. SOME NON-U.S.
MANUFACTURING FIRMS COVERED BY 1963 ACT HAVE FOURTH
QUARTER 1971 SERVICE REMITTANCES STUCK BECAUSE THEY
ARE TREATED AS PART OF PREVIOUS GOVERNMENT'S SHORT-
TERM DEBT TO BE WORKED OFF GRADUALLY. THERE HAS BEEN
LITTLE EXPERIENCE IN REQUESTS FOR CONVERSIONS TO
REPATRIATE CAPITAL.

2. WE RECOMMEND APPROVAL OF STAR-KIST APPLICATION FOR
INVESTMENT INSURANCE. RATIONALE PROVIDED IN JUNE 19
MEMO TO MRS. VICK OF OPIC.
HANSON

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